

No. 15189 ✓

United States
Court of Appeals
for the Ninth Circuit

AMERICAN CHEMICAL PAINT COMPANY,
a Corporation,

Appellant,

vs.

THOMPSON CHEMICAL CORPORATION, a
Corporation,

Appellee.

Transcript of Record

Appeal from the United States District Court for the
Southern District of California,
Central Division.

FILED

OCT 2 1956

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INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

	PAGE
Answer, First Amended	6
Attorneys, Names and Addresses of	1
Certificate of Clerk	45
Complaint	3
Concise Statement of the Points on Which Appellant Intends to Rely	48
Memorandum and Points and Authorities in Support of Motion to Enjoin Plaintiff	24
Memorandum Re Plaintiff's Objections to Proposed Order Enjoining Plaintiff	37
Notice of Appeal	39
Notice of Motion and Motion to Enjoin Plaintiff	13
Affidavit of Senum, Tellef	15
Ex. 1—Complaint for Infringement, Action Action No. 1079	17
2—Complaint for Infringement, Action Action No. 1359	21
Objections to Motion to Enjoin Plaintiff, Dated May 3, 1956	27

INDEX	PAGE
Objections to Proposed Order Enjoining Plaintiff From Commencing and Further Prosecuting Certain Actions	29
Order Denying Stay	44
Order Enjoining Plaintiff From Commencing and Further Prosecuting Certain Actions ..	33
Stipulation Re Contents of Record on Appeal	40
Stipulation Re Hearing on May 14, 1956	42

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For Appellee:

WM. DOUGLAS SELLERS,
310 Citizens Bank Bldg.,
Pasadena 1, California.

In the United States District Court, Southern
District of California, Central Division

Civil Action No. 17987-C

AMERICAN CHEMICAL PAINT COMPANY,
a Corporation,

Plaintiff,

vs.

THOMPSON CHEMICAL CORPORATION, a
Corporation,

Defendant.

COMPLAINT FOR INFRINGEMENT OF
UNITED STATES LETTERS PATENT No.
2,258,292

Plaintiff, complaining of defendant, alleges as
follows:

I. Plaintiff

Plaintiff, American Chemical Paint Company, is
a corporation existing under and by virtue of the
laws of the State of Delaware, having a regular and
established place of business in Ambler, Pennsylv-
ania.

II. Defendant

Upon information and belief, defendant, Thomp-
son Chemical Corporation, formerly known as
Thompson Horticultural Chemical Corp., is a corpo-
ration existing under and by virtue of the laws of
the State of California, having a place of business
at 3600 Monon Street, Los Angeles 27, California.

III. Jurisdiction

1. This action arises under the Patent Statutes of the United [2*] States, and this Court has jurisdiction thereof.

2. Upon information and belief, the acts of infringement hereof here and are being committed in the Southern District of California, and elsewhere in the United States.

IV. Title to Patent

On October 7, 1941, United States Letters Patent No. 2,258,292 were duly and legally issued to plaintiff, as the assignee by mesne assignments of Franklin D. Jones, for an invention in "Art of Regulating the Growth of Plants," and since that date, plaintiff has been, and still is, the owner of said Letters Patent.

A printed copy of said Letters Patent No. 2,258,292 is hereunto attached as Exhibit A and made a part hereof.

V. Infringement

Defendant, within the last six (6) years and subsequent to the issuance of said United States Letters Patent, has been, and still is, infringing said Letters Patent by manufacturing and selling a composition of matter embodying the patented invention within the Southern District of California,

*Page numbering appearing at foot of page of original Certified Transcript of Record.

Central Division, and elsewhere within the United States.

VI. Notice

1. Plaintiff has given written notice to defendant of its infringement of said United States Letters Patent.

2. Ever since plaintiff has marketed compositions of matter incorporating the claimed subject matter of said Letters Patent, which is for at least the past ten years, plaintiff has placed the required statutory notice on the labels of all of its packages and containers.

VII. Damages

Defendant has derived unlawful gains and profits from such infringement which plaintiff would otherwise have received but for such infringement, and plaintiff has thereby been caused irreparable damage.

Wherefore, plaintiff prays for judgment for:

(a) Preliminary and final injunction against further infringement by defendant, and those controlled by defendant, of United States Letters [3] Patent No. 2,258,292.

(b) An accounting for profits and damages, tripled because of the deliberate, willful and flagrant nature of defendant's acts of infringement.

(c) An assessment of costs and reasonable attorneys' fees against defendant.

Dated: At Los Angeles, California, this 21st day of March, 1955.

FLAM and FLAM,
JOHN FLAM,
FREDERICK FLAM,

By /s/ JOHN FLAM;

CAESAR & RIVISE,
A. D. CAESAR,
MAX R. MILLMAN,

By /s/ A. D. CAESAR,
Attorneys for Plaintiff.

[Endorsed]: Filed March 21, 1955. [4]

[Title of District Court and Cause.]

No. 17987-C

FIRST AMENDED ANSWER OF THOMPSON
CHEMICALS CORPORATION

Comes now the defendant Thompson Chemicals Corporation, called Thompson Chemical Corporation in the complaint, and under the provisions of FRCP 15(a) and in answer to the complaint, alleges, avers and denies as follows:

I. Plaintiff

Answering paragraph I of the complaint, this answering defendant alleges that it has no knowl-

edge or information sufficient to enable it to form a belief as to the truth of the allegations thereof.

II. Defendant

Answering paragraph II of the complaint, this answering [7] defendant admits the allegations thereof.

III. Jurisdiction

Answering paragraph III of the complaint, this answering defendant denies that it has committed acts of infringement in the Southern District of California or anywhere else in the United States but admits that if an action exists it arises under the patent statutes of the United States.

IV. Title to Patent

Answering paragraph IV of the complaint, this answering defendant admits that United States Letters Patent 2,258,292 was issued on October 7, 1941, to American Chemical Paint Company, admits that a printed copy of said Letters Patent 2,258,292 was attached as Exhibit A to the complaint, and alleges that it has no knowledge or information sufficient to enable it to form a belief as to the truth of the remaining allegations of the paragraph.

V. Infringement

Answering paragraph V of the complaint, this answering defendant denies each and every allegation thereof.

VI. Notice

Answering paragraph VI of the complaint, this answering defendant admits that it has received written notice from the plaintiff alleging infringement of said United States Letters Patent, and alleges that it has no knowledge or information sufficient to enable it to form a belief as to the truth of the remaining allegations of the paragraph. [8]

VII. Damages

Answering paragraph VII of the complaint, this answering defendant denies each and every allegation thereof.

Further answering plaintiff's complaint with respect to the cause of action for patent infringement alleged in paragraphs I through VII thereof, and for separate, alternate, and further defenses thereto, this answering defendant alleges as follows:

Second Defense

Non-Infringement

For a further and separate defense, this answering defendant alleges that it has not infringed pretended Letters Patent 2,258,292, or any claim or claims thereof.

Third Defense

Invalidity for Non-Compliance With 35 U.S.C. 101

That the alleged invention or discovery claimed in the pretended Letters Patent 2,258,292 was not

patentable to the alleged inventor named therein, under the provisions of 35 U.S.C. 101; therefore, such patent is, and all of the claims thereof are, invalid and void.

Fourth Defense

Invalidity for Lack of Novelty

That prior to any supposed invention or discovery by Franklin D. Jones, the subject matter alleged to be patented by the said pretended Letters Patent 2,258,292, and particularly that which is described in the pretended claims thereof and all material and substantial parts thereof, had been patented or described in certain printed publications and/or Letters Patent in this and [9] foreign countries, the Letters Patent, the numbers thereof, the names of the patentees thereof, and the exact identification of said printed publications being at this time unknown to this answering defendant who prays leave to plead the same after diligent search therefor by amendment to this answer when they are ascertained.

Fifth Defense

Invalidity by Reason of Prior Publication

That prior to any supposed invention or discovery by Franklin D. Jones, the subject matter alleged to be patented by the said pretended Letters Patent 2,258,292, and particularly that which is described in the pretended claims thereof and all material and substantial parts thereof, had been patented or described in a printed publication in

this or a foreign country, or in public use or on sale in this country, more than two years prior to December 23, 1938, the names of the patentees, dates of the Letters Patent or publications, and the exact date of public use or sale in this country being at this time unknown to this answering defendant, who prays leave to amend and plead the same after diligent search therefor by amendment to this answer when they are ascertained.

Sixth Defense

Invalidity for Lack of Invention

That the alleged invention or discovery of the pretended Letters Patent 2,258,292 as it existed at the date of the alleged invention did not involve invention but merely consisted of the result of the exercise of ordinary skill present in those skilled in the art and was not the result of exercise of the inventive faculty, and did not involve anything more than the exercise of ordinary intelligence in view of the state of the art existing [10] at the time of and prior to said alleged invention or discovery, the state of the art including patents and publications for which this answering defendant is diligently seeking, leave and permission of this Honorable Court being requested to set them forth herein by amendment when they are ascertained.

Seventh Defense

Invalidity for Prior Knowledge

That prior to any supposed invention or discovery by Franklin D. Jones, that which is alleged to be

patented by pretended Letters Patent 2,258,292, and particularly that which is described and claimed therein, and all material and substantial parts thereof, had been know to, or used by, certain other persons in this country whose names and places of residence this answering defendant has not fully learned, and for which this answering defendant is diligently searching, and which it prays leave and permission to add to this answer by amendment when ascertained.

Eighth Defense

Invalidity for Prior Invention

That Franklin D. Jones was not the original or first inventor of the subject matter alleged to be patented in pretended Letters Patent 2,258,292, and particularly that which is described and claimed therein, and all material and substantial parts thereof, but on the contrary, the claimed subject matter had, prior to the alleged invention or discovery thereof by said Franklin D. Jones, been discovered (if there be any patentable invention) by others, the names and places of residence of which this answering defendant has not fully learned, and for which this defendant is diligently **searching**, and prays leave and permission to add to this answer by amendment when ascertained. [11]

Ninth Defense

File Wrapper Estoppel

That while the application for pretended Letters Patent 2,258,292 was pending in the United States

Patent Office, the applicant therefore so limited and confined the claims of said application under the requirement of the Commissioner of Patents, or otherwise, that plaintiff cannot now seek or obtain the construction of the claims in said Letters Patent sufficiently broad as to cover any composition made or sold or any method used by this answering defendant.

Tenth Defense

Patentee's Specification Deceptive

That pretended Letters Patent, 2,258,292 were and are invalid because for the purpose of deceiving the public the description and specification filed by the said Franklin D. Jones in the United States Patent Office were made to contain less than the whole truth relevant to his alleged invention.

Eleventh Defense

Patentee's Specification Unclear

That pretended Letters Patent 2,258,292 were and are invalid in that the alleged invention thereof was not described in such full, clear, concise and exact terms as to enable anyone skilled in the art to practice the alleged invention.

Wherefore, this defendant prays for judgment against the plaintiff herein, as follows:

1. That the complaint herein be dismissed;
2. That United States Letters Patent 2,258,292, and each and every claim thereof, be declared not infringed by any act [12] of this defendant;

3. That United States Letters Patent 2,258,292, and each and every claim thereof, be declared and adjudged invalid and void;

4. That this defendant recover from plaintiff the costs herein and reasonable attorneys' fees; and

5. That this defendant be granted such other and further relief as may be proper.

Dated at Pasadena, California, this 16th day of June, 1955.

GRAINGER, CARVER AND
GRAINGER, and
WILLIAM DOUGLAS SELL-
ERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant.

Affidavit of Service by Mail attached.

[Endorsed]: Filed June 17, 1955. [13]

[Title of District Court and Cause.]

No. 17987-PH

NOTICE OF MOTION AND MOTION
TO ENJOIN PLAINTIFF

To: Flam & Flam, Attorneys for Plaintiff, 2978
Wilshire Boulevard, Los Angeles 5, California.

Please Take Notice that upon the annexed affidavit of Tellef Senum, vice-president of defendant

Thompson Chemicals Corporation, and exhibits annexed thereto, the undersigned will move this Honorable Court in the Courtroom of Judge Hall, Post Office & Courthouse Building, 312 North Spring Street, Los Angeles, California, on the 14th day of May, 1956, at 10:00 o'clock a.m., or as soon thereafter as counsel can be heard, for an order staying the plaintiff and its attorneys from bringing any further actions against this defendant or any of its customers based upon [15] the making and/or selling of the subject matter involved in the present action and which is alleged to infringe United States Letters Patent 2,258,292, until entry of judgment or other final disposition of the above-entitled cause, upon the grounds that the issues involved in the alleged infringement by defendant's customers of the product which it makes and sells can be fully litigated in the above-entitled cause which is already commenced.

Dated: April 24, 1956.

GRAINGER, CARVER AND
GRAINGER,
WILLIAM DOUGLAS SELL-
ERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant. [16]

[Title of District Court and Cause.]

No. 17987-PH

AFFIDAVIT

State of California,
County of Los Angeles—ss.

Tellef Senum, being first duly sworn, does depose and say as follows:

That, he is vice-president of the defendant Thompson Chemicals Corporation in the above-identified action; and

That, the plaintiff American Chemical Paint Company on February 9, 1956, filed in the United States District Court for the Eastern District of Washington, Southern Division, Civil Action No. 1079 identified as American Chemical Paint Company vs. Yakima Farmers Supply Co.; and [17]

That, on March 1, 1956, the plaintiff American Chemical Paint Company, filed in the United States District Court for the Eastern District of Washington, Northern Division, Civil Action No. 1359 identified as American Chemical Paint Company vs. H. R. Spinner Company, et al.; and

That, copies of the complaints filed in said actions are attached hereto as Exhibits 1 and 2; and

That, Yakima Farmers Supply Co. and H. R. Spinner Company are customers of the defendant Thompson Chemicals Corporation herein and the issues tendered in said actions are identical to those found in the present case as is evidenced by a comparison of the complaints in those actions, Ex-

hibits 1 and 2, with the plaintiff's complaint on file herein; and

That, defendant Thompson Chemicals Corporation herein is the manufacturer of the product ANA-Amide sold by Yakima Farmers Supply Co. and H. R. Spinner Company and has intervened in those actions to protect its customers; and

That, the defendant herein, basing its belief upon the action of the plaintiff in filing said unnecessary actions referred to, judges and believes that additional actions may be filed against other customers in other parts of the country primarily for the purpose of harassing defendant and injuring its business and its reputation with its customers; and

That, the defendant Thompson Chemicals Corporation is the manufacturer of the product sold by its customers and the question of infringement set forth in the present suit is common to the question of infringement of all the customers and the defendant admits primary responsibility therefor; and

It is believed that the reason for bringing any additional suits would be primarily for the purpose of harassing the defendant herein and for the purpose of putting it to unnecessary expense in defending a multiplicity of actions. [18]

Further affiant saith not.

/s/ TELLEF SENUM.

Subscribed and sworn to before me this 23rd day of April, 1956.

[Seal] /s/ NEIL M. SMITH,

Notary Public in and for Said
County and State.

My Commission Expires May 23, 1958. [19]

EXHIBIT No. 1

In the United States District Court, Eastern
District of Washington, Southern Division

Civil Action No. 1079

AMERICAN CHEMICAL PAINT COMPANY, a
Corporation,

Plaintiff,

vs.

YAKIMA FARMERS SUPPLY CO., a Corpora-
tion,

Defendant.

COMPLAINT FOR INFRINGEMENT OF
UNITED STATES LETTERS PATENT No.
2,258,292

Plaintiff, complaining of defendant, alleges as
follows:

I. Plaintiff

Plaintiff, American Chemical Paint Company, is
a corporation existing under and by virtue of the

laws of the State of Delaware, having a regular and established place of business in Ambler, Pennsylvania.

II. Defendant

Upon information and belief, defendant, Yakima Farmers Supply Co., is a corporation of the State of Washington having an office and regular place of business at 10 East Washington Avenue, P. O. Box 1494, Yakima County, Yakima [20] Washington.

III. Jurisdiction

1. This action arises under the Patent Laws of the United States, and this Court has jurisdiction thereof.

2. Upon information and belief, the acts of infringement hereof were and are being committed in the Eastern District of Washington, and elsewhere in the United States.

IV. Title to Patent

On October 7, 1941, United States Letters Patent No. 2,258,292 were duly and legally issued to plaintiff, as the assignee by mesne assignments of Franklin D. Jones, for an invention in "Art of Regulating the Growth of Plants," and since that date, plaintiff has been, and still is, the owner of said Letters Patent.

A printed copy of said Letters Patent No. 2,258,292 is hereunto attached as Exhibit A and made a part hereof.

V. Infringement

The defendant, within the last six (6) years and subsequent to the issuance of said United States Letters Patent No. 2,258,292, has been, and still is, infringing said Letters Patent by making, using and/or selling a composition of matter embodying the patented invention within the Eastern District of Washington, Southern Division, and elsewhere within the United States.

VI. Notice

Ever since plaintiff has marketed compositions of matter incorporating the claimed subject matter of said Letters Patent, which is for at least the past ten years, plaintiff has placed the required statutory notice on the labels of all of its packages and containers.

VII. Damages

Defendant has derived unlawful gains and profits from such infringement which plaintiff would otherwise have received but for such infringement, and plaintiff has thereby been caused irreparable damage. [21]

Wherefore, plaintiff prays for judgment for:

(a) Preliminary and final injunction against further infringement by defendant, and those controlled by defendant, of United States Letters Patent No. 2,258,292.

(b) An accounting for profits and damages, tripled because of the deliberate, willful and flagrant nature of defendant's acts of infringement.

(c) An assessment of costs and reasonable attorneys' fees against defendant.

Dated: At Yakima, Washington, this 9th day of February, 1956.

BROWN, HOVIS & COCKRILL,
NAT. U. BROWN,
JAMES B. HOVIS,
LEONARD M. COCKRILL,

By /s/ LEONARD M. COCKRILL;

CAESAR & RIVISE,
A. D. CAESAR,
MAX R. MILLMAN,

/s/ MAX R. MILLMAN,

By /s/ A. D. CAESAR,

Attorneys for Plaintiff. [22]

[Exhibit A of the Complaint Comprised a Printed Copy of the Patent to Franklin D. Jones, No. 2,258,292.] [23]

EXHIBIT No. 2

In the United States District Court, Eastern
District of Washington, Northern Division
Civil Action No. 1359

AMERICAN CHEMICAL PAINT COMPANY, a
Corporation,

Plaintiff,

vs.

H. R. SPINNER COMPANY, a Partnership, and
R. K. ARROWSMITH, R. G. SHILDMYER
and A. R. ROLFS,

Defendants.

COMPLAINT FOR INFRINGEMENT OF
UNITED STATES LETTERS PATENT No.
2,258,292

Plaintiff, complaining of defendants, alleges as
follows:

I. Plaintiff

Plaintiff, American Chemical Paint Company, is
a corporation existing under and by virtue of the
laws of the State of Delaware, having a regular and
established place of business in Ambler, Pennsylvan-
ia.

II. Defendants

Upon information and belief, defendant, H. R.
Spinner Company, is a partnership having an office
and a regular place of business at 1550 S. Wenat-
chee, Chelan County, Washington, [24] and the de-
fendants, R. K. Arrowsmith, R. G. Shildmyer and
A. R. Rolfs are partners in said H. R. Spinner
Company.

III. Jurisdiction

1. This action arises under the Patent Statutes of the United States, and this Court has jurisdiction thereof.

2. Upon information and belief, the acts of infringement hereof were and are being committed in the Eastern District of Washington, and elsewhere in the United States.

IV. Title to Patent

On October 7, 1941, United States Letters Patent No. 2,258,292 were duly and legally issued to plaintiff, as the assignee by mesne assignments of Franklin D. Jones, for an invention in "Art of Regulating the Growth of Plants," and since that date, plaintiff has been, and still is, the owner of said Letters Patent.

A printed copy of said Letters Patent No. 2,258,292 is hereunto attached as Exhibit A and made a part hereof.

V. Infringement

The defendants, and each of them, within the last six (6) years and subsequent to the issuance of said United States Letters Patent No. 2,258,292, have been, and still are, infringing said Letters Patent by making using and/or selling a composition of matter embodying the patented invention within the Eastern District of Washington, Northern Division, and elsewhere within the United States.

VI. Notice

Ever since plaintiff has marketed compositions of matter incorporating the claimed subject matter

of said Letters Patent, which is for at least the past ten years, plaintiff has placed the required statutory notice on the labels of all of its packages and containers. [25]

VII. Damages

Defendants, and each of them, have derived unlawful gains and profits from such infringement which plaintiff would otherwise have received but for such infringement, and plaintiff has thereby been caused irreparable damage.

Wherefore, plaintiff prays for judgment for:

(a) Preliminary and final injunction against further infringement by defendants, and each of them, and those controlled by defendants, of United States Letters Patent No. 2,258,292.

(b) An accounting for profits and damages, tripled because of the deliberate, willful and flagrant nature of defendants' acts of infringement.

(c) An assessment of costs and reasonable attorneys' fees against defendants.

Dated: At Spokane, Washington, this day of February, 1956.

RANDALL, DANSKIN &
LUNDIN,
C. D. RANDALL,
F. B. DANSKIN,
A. A. LUNDIN,

By /s/ C. D. RANDALL;

CAESAR & RIVISE,
A. D. CAESAR,
MAX R. MILLMAN,

/s/ A. D. CAESAR,

By /s/ MAX R. MILLMAN,
Attorneys for Plaintiff. [26]

[Exhibit A of the Complaint Comprised a Printed Copy of the Patent to Franklin D. Jones, No. 2,-258,292.]

Affidavit of Service by Mail attached.

[Endorsed]: Filed April 25, 1956. [27]

[Title of District Court and Cause.]

No. 17987-PH

MEMORANDUM AND POINTS AND AUTHOR-
ITIES IN SUPPORT OF MOTION TO
ENJOIN PLAINTIFF

To the Honorable, the Judges of the United States
District Court in and for the Southern District
of California, Central Division

The defendant Thompson Chemicals Corporation has moved this Honorable Court to enjoin the plaintiff American Chemical Paint Company from filing and prosecuting additional infringement actions against the various customers of this defendant

scattered throughout the country. This motion is believed to be well founded in fact and in law and that by granting it no hardship will be worked upon the plaintiff but that instead the defendant and its customers will be saved needless expense and embarrassment. [29]

The present action is based upon the alleged infringement of the plaintiff's patent 2,258,292. The issue of infringement by the product made and sold by the defendant is clearly present in the present action as is the question of the validity of the patent.

The defendant herein admits its primary liability for the product and respectfully contends that the issue is here before the Court and will be here adjudicated and if such liability exists will here be met.

In the case *The Crosley Corporation v. Hazeltine Corporation*, CCA 3rd, 1941, 122 F.2d 925, 51 USPQ 1, the lower court had before it squarely the proposition here presented and refused the injunction requested to enjoin the prosecution of some nine suits. Upon appeal the Court of Appeals ruled that it was an abuse of discretion to refuse to grant the injunction and quoted with approval the words of Chief Justice Marshall in *Smith v. McIver*, 22 U.S. (9 Wheat.) 532, 535, and as follows:

“In all cases of concurrent jurisdiction, the court which first has possession of a subject must decide it.”

In the recent case decided in the District Court in New Jersey entitled *The Cold Metal Products Company v. Crucible Steel Company of America*, District Court, D. New Jersey, 1954, 104 USPQ 46, Judge Modarelli presiding, ruled that the second filed action should be enjoined, saying:

“In granting defendant’s motions, such needless multiplicity will be avoided, there will be the ‘conservation of judicial resources and comprehensive disposition of litigation’ suggested by the Supreme Court in *Kerotest Mfg. Co.*, at p. 183, 92 USPQ at 2.”

It is believed that the ends of justice will be served and needless harassment of this moving defendant and its customers will be avoided by the granting of this motion. [30]

Such action is respectfully urged.

Dated: April 24, 1956.

Respectfully submitted,

GRAINGER, CARVER AND
GRAINGER,
WILLIAM DOUGLAS SELLERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant.

Points and Authorities

It Lies Within the Discretion of the Court and
Is Proper to Restrain the Prosecution of Later

Actions Directed to the Same Issues as the First Filed Action.

The Crosley Corporation v. Hazeltine Corporation (CCA 3, 1941) 122 F.2d 925, 51 USPQ 1;

The Cold Metal Products Company v. Crucible Steel Company of America (D.C. D. N.J., 1954) 104 USPQ 46.

Affidavit of Service by Mail attached.

[Endorsed]: Filed April 25, 1956. [31]

[Title of District Court and Cause.]

No. 17987-PH

OBJECTIONS TO MOTION TO ENJOIN
PLAINTIFF AND ANSWERING MEMO-
RANDUM

To the Honorable, the Judges of the United States
District Court in and for the Southern District
of California, Central Division

Plaintiff hereby objects to defendant's motion to enjoin plaintiff from filing and prosecuting additional infringement actions against various customers of the defendant on the grounds that said motion has no foundation whatever in fact and law. [33]

Under the patent laws all those who make, use

and/or sell an invention covered by a patent are infringers. This includes wholesalers and dealers as well as manufacturers.

A patent owner is therefore perfectly within his rights to sue dealers who purchase and resell the accused product.

The resale of defendant's infringing product by defendant's dealers to farmers, either as such or after possible dilution, is an act of infringement separate and distinct from that of the defendant. The extent of resale is a factual matter separate and distinct from the fact of purchase of the accused product from the defendant.

Notwithstanding the fact that a suit against a manufacturer and a suit against its dealers may involve the same patent, the facts relating to the acts of infringement and the extent of their damage are different in both suits. Moreover, a dealer is a legal entity separate and distinct from the manufacturer as regards the acts of infringement.

It is therefore not true, as contended by the defendant, that the issues involved in the infringement by defendant's customers can be fully litigated in the instant cause.

Moreover, defendant's cry that it is being harassed and will be harassed by suits brought against its customers is untrue and without merit. It is the defendant who has wilfully and deliberately infringed plaintiff's patent and it is this basic tortious act

which has caused damage to the plaintiff. If anyone has been wronged, it is the plaintiff.

In addition, defendant's motion has no foundation in law because it requests the Court to exercise a power which it does not possess.

Defendant's motion is not to stay the further prosecution of an existing suit against defendant's wholesale customers, but rather to prevent the plaintiff from instituting any future suits. Defendant's action is "anticipatory" and finds no basis whatever in statute or case law. [34]

* * *

Los Angeles, California, May 3, 1956.

FLAM & FLAM, and
CAESAR & RIVISE,

By /s/ JOHN FLAM,
Attorneys for Plaintiff.

Affidavit of Service by Mail attached.

[Endorsed]: Filed May 4, 1956. [36]

[Title of District Court and Cause.]

No. 17,987-PH

OBJECTIONS TO PROPOSED ORDER EN-
JOINING PLAINTIFF FROM COMMENC-
ING AND FURTHER PROSECUTING
CERTAIN ACTIONS

The Order is objected to on the grounds set forth in a letter addressed to William Douglas

Sellers, Esq., dated May 21, 1956, signed by the plaintiff's local attorney. A copy of this letter is presumably on file.

To summarize, the Order should state that an injunction may issue enjoining the plaintiff from certain acts, but conditioned upon the posting of a bond by the defendant. Plaintiff's local counsel is under the impression that this was the effect of the Court's ruling.

The Order, as proposed by the defendant, ignores the provisions of Rule 65(c) F.R.C.P. There it is stated that no preliminary injunction shall issue except upon the giving of security by the [38] applicant.

Plaintiff's local counsel understood that the amount of the bond was to be fixed upon a showing by the plaintiff regarding the question. Unfortunately, local counsel has not received anything from Eastern counsel in the nature of an affidavit to assist the Court in fixing the amount of the bond. However, on May 22, 1956, a letter was received from Richmond, Virginia signed by Mr. Caesar, Eastern counsel for plaintiff, and reading as follows:

“Your letter of May 14, 1956, has been sent to me here where I am listening in on a case.

“I shall probably be here at least all of this week and the first three days of next week.

“I shall answer your letter as soon as I shall return to my desk.”

In view of these circumstances, it is respectfully requested that the Order be amended to state that an injunction may issue upon the posting of a bond, the amount of which is to be determined by the Court upon evidence to be produced on behalf of plaintiff. This would conform to the requirements of the Federal Rules of Civil Procedure.

It is therefore respectfully requested that in lieu of the material in the Order beginning in line 28 of page 2 to the end of page 3, the following be substituted:

“Ordered, that an injunction may issue out of this Court upon the posting of a bond by the defendant, the amount of which is to be promptly determined on evidence presented to the Court within two weeks hereafter enjoining the plaintiff, its agents, servants, employees and attorneys, and all persons in active concert and participation with it be and they are hereby restrained and enjoined, pending the determination of this action, from commencing other actions against the defendant Thompson Chemicals Corporation herein, or against any of its customers, which actions are based upon [39] the alleged infringement by said defendant or by its customers of United States Letters Patent No. 2,258,292; provided that plaintiff shall have the right upon notice to appear before this Court to request permission to file any specific action, but shall have no right to file such action in the absence of express permission from this Court.”

There is one other matter which seems to be somewhat irregular. The original motion by the de-

fendant requested for an Order staying the plaintiff from bringing any further actions against customers of the defendant. The motion did not contain any request for an Order to stay any existing actions. Accordingly, it is improper to include that part of the Order beginning on line 7, page 3, to and including line 19 of that page.

It is requested that the signing of the Order be delayed for about two weeks pending the receipt of advices from Eastern Counsel. In the meanwhile, plaintiff's local counsel can assure the Court that the wishes of the Court in this matter will be meticulously observed, pending the signing of an amended Order. Accordingly, defendant will not be harmed by any slight delay in arriving at a proper wording of the Order.

Dated: May 23, 1956.

FLAM and FLAM, and
CAESAR & RIVISE,

By /s/ JOHN FLAM,
Attorneys for Plaintiff.

Affidavit of service by mail attached.

[Endorsed]: Filed May 24, 1956. [40]

United States District Court for the Southern
District of California, Central Division

No. 17,987-PH

AMERICAN CHEMICAL PAINT COMPANY,
a Corporation,

Plaintiff,

vs.

THOMPSON CHEMICAL CORPORATION, a
Corporation,

Defendant.

ORDER ENJOINING PLAINTIFF FROM
COMMENCING AND FURTHER PROSE-
CUTING CERTAIN ACTIONS

Defendant's motion to enjoin the plaintiff and its attorneys from bringing further actions against this defendant, or any of its customers, based upon the making and/or selling of the subject matter involved in the present action and which is alleged to infringe United States Letters Patent 2,258,292, until the entry of judgment or other final disposition of the above-entitled cause, having duly come on to be heard by this Court, and the Court having considered the record including the affidavit in support of the motion made by Tellef Senum, Vice-President of the defendant corporation, which affidavit included as exhibits copies of the complaints filed by the plaintiff in the United States District Court for the Eastern District of Washington, Southern Division, and in [42] the United States

District Court for the Eastern District of Washington, Northern Division; and the Court having heard the arguments of counsel and being fully advised; and it appearing to the Court after due deliberation that plaintiff had filed a second action in the United States District Court for the Eastern District of Washington, Southern Division, identified as Civil Action No. 1,079, American Chemical Paint Company vs. Yakima Farmers Supply Co., defendant, and Thompson Chemicals Corporation, intervenor; and that the plaintiff has filed a third action in the United States District Court for the Eastern District of Washington, Northern Division, identified as Civil Action No. 1359, American Chemical Paint Company vs. H. R. Spinner Company, et al., defendants, and Thompson Chemicals Corporation, intervenor; and it appearing to the Court that said actions were filed subsequent to the present action and are based upon the alleged infringement of United States Letters Patent 2,258,292, the alleged infringement of which constitutes a cause of action in the present case; and it further appearing that there is a possibility that the plaintiff will file further actions in other jurisdictions based upon the alleged infringement of the same Letters Patent against other customers of the defendant Thompson Chemicals Corporation herein; and it further appearing to this Court that the defense of a multiplicity of such actions relating to the same cause of action places an unnecessary burden upon the defendant Thompson Chemicals Corporation herein

and is unnecessary to protect the rights of the plaintiff, it is

Ordered, that the plaintiff, its agents, servants, employees and attorneys and all persons in active consort and participation with it be and they hereby are restrained and enjoined, pending the determination of this action, from commencing other actions against the defendant Thompson Chemicals Corporation herein, or against any of its customers, which actions are based upon the [43] alleged infringement by said defendant or by its customers of United States Letters Patent 2,258,292; provided that plaintiff shall have the right upon notice to appear before this Court to request permission to file any specific action but shall have no right to file such action in the absence of express permission from this Court;

And it is Further Ordered that the plaintiff, its agents, servants, employees, and attorneys and all persons in active consort and participation with it be and they hereby are restrained and enjoined, pending the determination of this action, from further prosecuting said action heretofore filed in the United States District Court for the Eastern District of Washington, Southern Division, identified as Civil Action No. 1079, American Chemical Paint Company v. Yakima Farmers Supply Co., defendant, and Thompson Chemicals Corporation, intervenor, and said action filed in the United States District Court for the Eastern Dis-

trict of Washington, Northern Division, identified as Civil Action No. 1359, American Chemical Paint Company v. H. R. Spinner Company, et al., defendants, and Thompson Chemicals Corporation, intervenor;

Further provided that plaintiff shall have the right to present evidence to support its contention that the defendant Thompson Chemicals Corporation is financially unable to make the plaintiff whole for any damage resulting from this injunction and shall be entitled to an inter partes hearing with respect thereto, and if after inter partes consideration this Court shall order that security be given to protect the plaintiff, then and in that event this injunction shall be dissolved unless within fifteen days following the order of this Court said defendant shall provide the necessary security approved by the Court or by the Clerk of the Court.

Dated: May 28, 1956.

/s/ PEIRSON M. HALL,

United States District Judge.

Affidavit of Service by Mail attached.

[Endorsed]: Filed May 28, 1956.

Docketed and Entered May 29, 1956. [44]

[Title of District Court and Cause.]

No. 17987-PH

MEMORANDUM RELATING TO PLAINTIFF'S
OBJECTIONS TO PROPOSED ORDER
ENJOINING PLAINTIFF

To the Honorable, the Judges of the United States
District Court in and for the Southern District
of California, Central Division

Plaintiff's counsel has objected to the proposed
"Order Enjoining Plaintiff from Commencing and
Further Prosecuting Certain Actions," presented to
this Honorable Court on May 23, 1956, and compris-
ing the substitute filed to replace the form filed May
18, 1956. The objections raise two points, and as
follows:

1. The plaintiff believes that the defendant
should be required to post the bond before the in-
junction issues; and

2. The plaintiff believes that he should not be
enjoined from further prosecuting the actions now
pending in Washington.

Relative to point 1, counsel believes that the Court
distinctly [46] stated that there was no presumption
that the defendant was insolvent, or financially un-
sound, and that if the plaintiff desired that a bond
be posted it should make the showing to establish
the necessity for such bond. No exact time was set
for the making of that showing. It is clear that the

plaintiff well might take an appreciable period of time during which he would not be enjoined. He is already apologizing for his inability to handle the matter promptly.

The proposed form of the order takes care of this situation by enjoining the plaintiff immediately and then providing that a bond shall be posted upon the plaintiff making a showing that a bond should be filed. By so providing the Court's wishes are carried out from the beginning and are not postponed to the indefinite future. It is difficult to see how the plaintiff will be hurt by the proposed order if it intends to abide by the Court's intentions as it indicates.

Relative to point 2, the Court will remember that defendant's attorney stated that the action pending in the District Court at Yakima, Washington, had been stayed by the granting of a Motion to Stay, but that an identical motion had been denied in the District Court of Spokane for no reason which was understood. Defendant's attorney stated that he had been surprised by the denial of this motion at Spokane and that it seemed clear that the injunction should go not only to the filing of new actions but also should stay the further prosecution of all pending actions. With this the Court stated its agreement and directed that the injunction should enjoin the filing of additional actions, and should also enjoin the further prosecution of those other actions now pending. The form of injunction as now drawn so provides.

It is requested that the Honorable Court sign the form now before it, filed May 23, 1956, which is believed to be in full [47] agreement with its directions at the hearing.

Dated: May 29, 1956.

Respectfully submitted,

GRAINGER, CARVER AND
GRAINGER,

WILLIAM DOUGLAS SELL-
ERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant.

Affidavit of Service by Mail attached.

[Endorsed]: Filed May 29, 1956. [48]

[Title of District Court and Cause.]

No. 17,987-PH

NOTICE OF APPEAL

Notice is hereby given that American Chemical Paint Company, plaintiff above named, hereby appeals to the United States Court of Appeals for the Ninth Circuit from the Order Enjoining Plaintiff from Commencing and Further Prosecuting Certain Actions, said Order having been entered in this action on May 29, 1956.

Dated: June 19, 1956.

FLAM and FLAM,
CAESAR & RIVISE,

By /s/ JOHN FLAM,
Attorneys for Plaintiff.

Affidavit of Mail attached.

[Endorsed]: Filed June 19, 1956. [50]

[Title of District Court and Cause.]

No. 17987-PH

STIPULATION UNDER RULE 75(f) F.R.C.P.

It Is Hereby Stipulated by and between the parties to this above-entitled action, through their respective counsel, that the following shall constitute the record on appeal:

1. Complaint, dated March 31, 1955.
2. First Amended Answer, dated June 16, 1955.
3. Notice of Motion and Motion to Enjoin Plaintiff, dated April 24, 1956, including exhibits.
4. Defendant's Memorandum and Points and Authorities in Support of Motion to Enjoin Plaintiff, dated April 24, 1956. [51]
5. Plaintiff's Objections to Motion to Enjoin Plaintiff and Answering Memorandum, dated May 3, 1956.

6. Order Enjoining Plaintiff from Commencing and Further Prosecuting Certain Actions, dated May 29, 1956.

7. Plaintiff's Objections to Proposed Order Enjoining Plaintiff from Commencing and Further Prosecuting Certain Actions, dated May 23, 1956.

8. Defendant's Memorandum Relating to Plaintiff's Objections to Proposed Order Enjoining Plaintiff, dated May 29, 1956.

9. Certified copy of Order from the Court for the Eastern District of Washington, Northern Division, entitled American Chemical Paint Company v. H. R. Spinner Company, Civil Action No. 1359, denying defendant's motion to stay proceedings.

10. Stipulation entitled "Stipulation in re Hearing on May 14, 1956."

The certified copy referred to in item No. 9 above will be forwarded to the Clerk of the Court within the next few days.

It is desired by both parties hereto that this appeal be diligently prosecuted to the effect that a prompt determination of the appeal may be had.

Los Angeles, California, June 25, 1956.

FLAM and FLAM, and
CAESAR & RIVISE,

By /s/ JOHN FLAM,
Attorneys for Plaintiff.

Pasadena, California, June 23, 1956.

GRAINGER, CARVER and
GRAINGER, and
WILLIAM DOUGLAS SELL-
ERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant.

[Endorsed]: Filed June 26, 1956. [52]

[Title of District Court and Cause.]

No. 17987-PH

STIPULATION IN RE: HEARING
ON MAY 14, 1956

It Is Hereby Stipulated by and between the parties to the above-entitled action, acting through their respective counsel, that at the hearing on the Notice of Motion and Motion to Enjoin Plaintiff before his Honor Judge Peirson Hall on May 14, 1956, the following occurred:

Defendant's attorney stated to the Court that the action pending in the District Court at Yakima, Washington, had been stayed by the granting of a Motion to Stay, but that an identical motion had been denied in the District Court in Spokane for no reason which was understood. Defendant's attorney also stated that he had been surprised by the

denial of the motion at Spokane, and that it seemed clear [53] that the injunction should go not only to the filing of new actions but also to stay the further prosecution of all pending actions. With this the Court stated its agreement and directed that the injunction should enjoin the filing of additional action, and should also enjoin the further prosecution of those other actions now pending.

Los Angeles, California, June 25, 1956.

FLAM AND FLAM,
CAESAR & RIVISE,

By /s/ JOHN FLAM,
Attorneys for Plaintiff.

Pasadena, California, June 23, 1956.

GRAINGER, CARVER AND
GRAINGER, and
WILLIAM DOUGLAS SELL-
ERS,

By /s/ W. D. SELLERS,
Attorneys for Defendant.

[Endorsed]: Filed June 27, 1956. [54]

In the United States District Court, Eastern
District of Washington, Northern Division
Civil Action No. 1359

AMERICAN CHEMICAL PAINT COMPANY, a
Corporation,

Plaintiff,

vs.

H. R. SPINNER COMPANY, a Partnership, and
R. K. ARROWSMITH, R. G. SHILDMYER
and A. R. ROLFS,

Defendants,

and

THOMPSON CHEMICALS CORPORATION, a
Corporation,

Intervenor.

ORDER DENYING STAY

The motion of the defendants and intervenor to stay action in the above-entitled cause, came regularly on for hearing at the call of the calendar before me on this 4th day of May, 1956, and it appearing to the Court that sufficient grounds for said stay have not been shown;

Now, Therefore, It Is Hereby Ordered that the motion of the defendants and intervenor to stay the above-entitled action until the action in the United States District Court for the Southern District of California, Central Division, has been prosecuted to final judgment or otherwise disposed of, be and the same is hereby denied.

Ordered Entered.

Dated this 8th day of May, 1956.

SAM M. DRIVER,
Judge.

Certified true copy.

[Endorsed]: Filed May 8, 1956, U.S.D.C.,
Eastern District of Washington.

[Endorsed]: Filed June 29, 1956, U.S.D.C.,
Southern District of California. [55]

[Title of District Court and Cause.]

No. 17987-C

CERTIFICATE OF CLERK

I, John A. Childress, clerk of the United States District Court for the Southern District of California, do hereby certify that the foregoing pages numbered 1 to 55, inclusive, contain the original.

Complaint;

First Amended Answer;

Notice of Motion and Motion to Enjoin Plaintiff;

Memorandum and Points and Authorities in Support of Motion to Enjoin Plaintiff;

Objections to Motion to Enjoin Plaintiff and Answering Memorandum;

Objections to Proposed Order Enjoining

Plaintiff from Commencing and Further Prosecuting Certain Actions;

Order Enjoining Plaintiff from Commencing and Further Prosecuting Certain Actions;

Memorandum Relating to Plaintiff's Objections to Proposed Order Enjoining Plaintiff;

Notice of Appeal;

Stipulation Under Rule 75(f) F.R.C.P.;

Stipulation in Re: Hearing on May 14, 1956;

Order Denying Stay;

all in the above-entitled case; constitute the contents of the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled case.

I further certify that my fees for preparing the foregoing record amount to \$2.00, which sum has been paid by appellant.

Witness my hand and seal of the said District Court this 11th day of July, 1956.

[Seal]

JOHN A. CHILDRESS,

Clerk.

By /s/ CHARLES E. JONES,

Deputy.

[Endorsed]: No. 15189. United States Court of Appeals for the Ninth Circuit. American Chemical Paint Company, a Corporation, Appellant, vs. Thompson Chemical Corporation, a Corporation, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed July 12, 1956.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for
the Ninth Circuit.

In the United States Court of Appeals
for the Ninth Circuit

No. 15,189

AMERICAN CHEMICAL PAINT COMPANY,
a Corporation,

Plaintiff-Appellant,

vs.

THOMPSON CHEMICAL CORPORATION, a
Corporation,

Defendant-Appellee.

CONCISE STATEMENT OF THE POINTS ON
WHICH APPELLANT INTENDS TO
RELY UNDER RULE 75(d) F.R.C.P.

Notice is hereby given that plaintiff-appellant will rely in this appeal upon the following points:

1. The District Court erred in restraining plaintiff from commencing other actions against defendant or any of its customers anywhere else pending determination of the above-cause.

2. The District Court erred in ordering plaintiff to refrain from further prosecuting pending suits against defendant's customers in the State of Washington.

3. The District Court erred in ordering plaintiff to refrain from further prosecuting the action of plaintiff, American Chemical Paint Company vs. H. R. Spinner Company, et al., Civil Action No. 1359 in the Eastern District of Washington, North-

ern Division, where just three weeks prior to the instant Order, J. Driver, on May 8, 1956, denied a motion to stay said action which was brought by defendant who appeared as an intervener in said action.

4. The District Court erred in making plaintiff's right to commence other actions against defendant or any of its customers dependent upon plaintiff's obligation to obtain express permission from the District Court.

5. The District Court erred in providing that the dissolution of said Order is dependent upon plaintiff's obligation to present evidence of defendant's financial inability to make plaintiff whole for any damage resulting from said order.

6. The District Court erred in providing that defendant is not required to provide security until after plaintiff moves for dissolution of the Order and the plaintiff presents evidence of defendant's financial inability to make plaintiff whole for any damage resulting from said Order.

Dated: July 16, 1956.

FLAM and FLAM, and
CAESAR & REVISE,

By /s/ JOHN FLAM,
Attorneys for
Plaintiff-Appellant.

Affidavit of service by mail attached.

[Endorsed]: Filed July 17, 1956.

